

FY 2023 Pre-Application Workshop Community Development Block Grant and HOME Funding

Presentation Review

- CDBG and HOME application process
- Project eligibility
- Letter of intent requirements

Presentation Available Online:

- www.como.gov

Community development>Housing programs division>Grants for local organizations

Previous Years Funding: FY2022

CDBG

- \$1,645,410 in funding requests
- \$820,000 in funding awarded
- 13 of 14 proposals were funded
- 7 were fully funded
 - Average funding rate per individual request: 70%
 - High: 100%
 - Low: 15%

HOME

- \$540,000 in funding requests
- \$540,000 in funding awarded
- 5 of 5 proposals were funded
- All Projects were fully funded (not typical)
 - Average funding rate per individual request: 100%
 - High: 100%

CDBG and HOME

Community Development Block Grant (CDBG)

Federal program to improve low to moderate income households and neighborhoods by creating or enhancing:

- decent housing
- suitable living environment
- economic opportunities

HOME Investment Partnerships (HOME)

Federal program to create affordable housing for low to moderate income households.

Estimated Funding

2023 CDBG Funding-CFDA No. 14.218

- Approximately \$1,000,000.
- Estimated to be available Late Fall of 2023

2023 HOME Funding-CFDA No. 14.239

- Approximately \$600,000.
- Funding estimated to be available Late Fall of 2023

Eligible Projects & Activities 2020-2024

Community Facilities

- Public facilities and improvements
- Homeless facility improvements

Affordable Housing

- Home rehabilitation
- Direct homebuyer assistance
- Housing counseling and education
- New owner-occupied construction
- New rental unit construction
- Home accessibility improvements
- Tenant-based rental assistance

Economic and Workforce Development

- Vocational training
- Technical assistance to businesses

Neighborhood Revitalization and Stabilization

- Sidewalk construction
- Storm water construction
- Acquisition and demolition
- Code Enforcement

Application Process

- Review 2020-2024 Consolidated Plan Goals:
<https://www.como.gov/community-development/housing-programs-division/>
- Letter of intent is required by May 20th, 2022
- Proposal Due June 10th via Neighborly System

For virtual staff assistance email **housingprograms@como.gov**

****Projects must benefit low to moderate income individuals or households****

Current HUD defined 80% area median income

Household Size	Income Limit
1-person	\$ 45,750
2-person	\$ 52,300
3-person	\$ 58,850
4-person	\$ 65,350
5-person	\$ 70,600
6-person	\$ 75,850

Letter of Intent Must Include

- 100 word summary of the specific project the funds will be used for.
- Requested dollar amount (**Minimum Request \$20,000**)
- Funding type (**CDBG, HOME**)
- Phone and **Email** information for the staff member responsible for submitting to the on-line system.

Submit letter via email to: **housingprograms@como.gov**

****Must be received by 11:59pm May 20th, 2022****

No late letters are accepted

Letter of Intent Example

701 E. Broadway
PO Box 6015
Columbia, MO 65201-6015

May 20th, 2022

Dear Housing Programs Division Staff:

This letter is to inform you of our organization's intent to apply for CDBG funds to renovate our youth center. We serve low-income at-risk youth with mentoring and learning opportunities through various programs at the center. Our facility needs a new HVAC system and a new roof. We intend to apply for \$50,000 in CDBG funds for these renovations.

John Doe is our grants manager and will be responsible for submitting our CDBG application through your on-line system. His email is jdoe@example.org and his phone number is 573-000-0000. John will be contacting you to set up a time to review utilizing the Neighborly System.

Sincerely,
Jane Doe
Executive Director

CDBG/HOME Application Timeline

- May 12, 2022: Pre-application workshop
- May 20, 2022: Required letter of intent due by 11:59 pm
- June 10, 2022: Deadline for Proposals, 11:59pm
- June 22 & June 29, 2022: HCDC Public Hearing: Proposal Presentations
- July 20, 2022: HCDC Funding Recommendations
- August 15, 2022: Council Considers FY 2023 Budget and CDBG, HOME Recommendations
- Spring 2023: HUD Notifies City of final 2023 allocations
- May-June 2023: Council adopts final Annual Action Plan
- May-June 2023: Environmental Reviews completed
- September-November, 2023: Sign Agreements for 2023 Funding with City
- November 2023: Start Project
- December 30, 2024: Projects Completed

***Dates may vary

CDBG Housing:

Eligible Activities

- Rehabilitation, housing repair, accessibility improvements
- Homeownership Assistance
- On-site infrastructure improvements and demolition
- Property acquisition
- Inspections, lead hazard evaluations, rehabilitation administration
- Homebuyer education
- Fair housing counseling - (Public Service Activity)

Income Documentation

- Occupants must be low to moderate income. (80% AMI or below)
- An application must be submitted by the property owner.
- Requires income verification according to HUD/City guidelines.

CDBG - Community Facilities:

Eligible Activities

- Public facilities and improvements according to 24 CFR 570.201c
- Acquisition, renovation, new construction of community facilities:
- Examples:
 - Healthcare centers, Homeless shelters, Childcare centers, Youth activity centers

Income documentation Requirements

- Existing facilities, survey FY 2021 beneficiaries
- New services and facilities, Survey beneficiaries for six months after the facility opens

CDBG - Economic Development and Workforce Development:

Eligible Activities

- Vocational Training (Public Service Activity).
- Technical Assistance to businesses with 5 or fewer employees.
 - Must be owned by low to moderate income household Or, at least 51% of employees meet criteria for being low to moderate income.
 - Based on household income
 - Based on geography of employee
 - Resides within census tract with at least 70% LMI households.
 - Based on geography of business
 - Located within a census tract with a poverty rate of at least 20%, and census block has poverty rate at least 20%.

Public Service Activity Cap

- Public Service Activities (Vocational training, housing counseling)
 - Must increase level of service or be a new service.
 - CDBG funds cannot substitute for agency funds.
 - Only 15% of total CDBG budget available
 - $15\% \times \$1,000,000 = \textbf{\$150,000}$
 - Also should track with 2020-2024 Consolidated Plan Goals.

CDBG Neighborhood Revitalization and Stabilization

Eligible Activities

- Sidewalks.
- Bus shelters.
- Stormwater improvements
- Demolition of dilapidated structures.

Income Documentation

- Census data, CDBG eligible area (can be found on City Website under “Maps”)
- ADA improvements are assumed low income.
 - Beneficiaries are still surveyed after the improvements are completed.
 - 51% of beneficiaries must be LMI.

HOME Program

ELIGIBLE PROJECTS

- Owner Occupied Rehabilitation
- New Construction of Owner Occupied Housing
- Homeownership Assistance (Existing Housing and New Construction)

ELIGIBLE COSTS

- Architectural, Inspections, Demolition, Construction
- Acquisition of Property, Relocation, Other Professional Services
- Down Payment and Closing Costs

REQUIREMENTS

- A deed of trust and promissory note for all projects
- HOME funds for rental production projects are provided in the form of a loan, with terms based upon a financial analysis of the project (subsidy layering requirements).

Eligible HOME Recipients

- City of Columbia (City Limits)
- Housing development organizations producing affordable housing.
- Not-for-profit or public agencies administering housing programs.
- Community Housing Development Organizations (CHDO)
 - Board structure (1/3 low income & no more than 1/3 public officials)
 - Housing development capacity
 - Not for profit
- For-profits completing a project consistent with HUD requirements
 - Affordability period
 - Rent/purchase price requirements
 - Income verification for occupants

Owner-Occupied Requirements

- 80% area median income or below
- Rehabilitation
 - CDBG: City property maintenance codes
 - HOME: City Rehab standards
- All new construction must meet current International Energy Conservation Code (IECC) and minimum Universal Design requirements.

New Construction Owner-Occupied Requirements

- All owner-occupied applications must also include:
 - Form X Underwriting spreadsheet with project costs.
 - Include all costs: hard costs, realtor fees, closing costs, architecture, insurance, etc.
 - Market analysis or appraisal less than 1 year old.
- Requested level of subsidy based upon the following criteria:
 - Home will be sold to participants less than 80% AMI
 - Subsidized price should be assumed to be at 80% LTV ratio
 - Subsidy should be based upon difference between total project costs and subsidized price at 80% LTV

Universal Design Requirements

- At least one accessible, no-step entrance with at least a 36" door on an accessible route from site entry point; max threshold height: ¼" vertical, ½" beveled (1:2 slope).
- Maximum 1:20 running slope and 1:50 cross-slope for exterior accessible routes
- 36" wide clear travel space along accessible routes.
- 60" x 60" level (less than 2% slope in any direction) maneuvering space clear of door swing at accessible entrances; 18" clear space on pull side of door.
- One wheelchair accessible bathroom; See City staff.
- Minimum 32" interior door panel and 42" hallways; 18" clear space on pull side of all doors, minimum of 30" x 48" approach space on push side.
- Lever-type door handles.
- 1st floor switches & environmental controls shall be placed no higher than 48" above the finished floor, electrical outlets no lower than 15" above the finished floor to bottom outlet. Any switch/outlet above kitchen cabinets/bathroom vanity shall be placed no higher than 45" above the finished floor to switch or top outlet.
- Nominal 2x8 blocking placed in appropriate locations between studs to support installation of grab bars in the tub/shower and toilet areas of the wheel chair accessible restroom.

Rental Housing Requirements

- Serves occupants at 60% area median income or below
 - If 5 or more units, 20% must be at or below 50% AMI
- Affordability period will continuously be monitored
 - Occupant income verification
 - Rent rates
- Typically in conjunction with an application to MHDC.
- Assistance to the developer is in the form of a loan
 - Typically 1% for private developers and 0% for non-profits
 - Loan terms are dependent on project size and subsidy layering review

New for 2021

- Rental application must include a completed HOME Multifamily Underwriting Tool
- <https://www.hudexchange.info/resource/2468/home-multifamily-underwriting-template/>

Rental Housing Requirements

HOME rental application must include the following 13 document uploads:

- 3rd party market study less than 1 year old.
- Financial statements from underlying owners and guarantors displaying the following:
Owners must have net worth of at least 10% the total development cost and liquid assets of 3% of total development cost.
- Vacancy factor of at least 7% for family developments and 5% for elderly.
- Operating expenses with at least a 3% inflation factor.
- Project financials that demonstrated 1.2 debt coverage ratio.
- Reasonably justifiable operating costs in alignment with market.
- Capitalized operating reserve equal to at least six months of operating expenses.
- Pro forma with at least \$600 replacement reserves per unit, per year.
- Capital needs assessment for rehab projects.
- Maximum allowable developer fee of 15%.
- Builder maximum thresholds: 6% general requirements, 2% overhead, 6% profit.
- Architectural fees may not exceed 7% of construction hard costs.
- Disclosure of any other funding sources.

Staff Analysis for Affordable Housing Proposal Fair Housing Task Force Resolution

- In addition to HCDC rating criteria, projects consisting of new construction or comprehensive rehabilitation of rental or owner-occupied housing will also include a staff summary of the following items included with the proposal:
 - Project underwriting and subsidy layering review
 - Affordability
 - Energy efficiency enhancements
 - Storm water enhancements
 - Universal design features
 - Proximity to employment
 - Proximity to public transit
 - Proximity to neighborhood amenities

Commissioner Application Rating Criteria

- Organizational Management
 - Community Need
 - Quality of Outcomes
 - Diversity and Inclusion
 - Number of Persons Served and Value
 - Personnel and Staff Expertise
 - Project Location and Accessibility
 - Timeline
-
- *Important*: The rating sheet is a tool for the Commission, not final decisions for determining funding.

Project Considerations

Funding is provided for projects, rather than organizations

- Project risk...
- Site control
- Neighborhood involvement
- Planning and Zoning compliance
- Environmental impact:
 - Historic preservation
 - Hazardous substances (lead, asbestos, radon)
 - Storm water
 - Impact on public utilities
 - Phase I environmental review certain projects...see City staff

State and Federal Requirements

- Prevailing Wage: Any construction contract except housing developments with: Less than 8 units for CDBG, 12 or more HOME.
- Uniform Relocation Act (If site is currently occupied).
- Equal opportunity employers.
- Procurement of services: 2 CFR PART 200
 - Administrative requirements.
 - Cost principles.
 - Audit requirements.

Audit Requirements

Financial Audit Requirements		
Combined Annual Income of Organization	Allowable Form of Financial Statement Assurance	Required Accompanying Document
<\$25,000	Compiled (Full Disclosure), Reviewed, or Audited	None
≥\$25,000	Reviewed or Audited	Communications from auditor

Summary

SOURCES AND USES OF PROJECT FUNDING

- Prepare project budget listing **ALL COSTS**
- Determine amount of CDBG and/or HOME funds needed
- Determine best funding source for activity CDBG OR HOME
- Letter(s) of commitment from other funding sources
 - **Subrecipient Handbook: <https://tinyurl.com/3eksujt4>**

Application Submission

- Review rating criteria.
- Be concise.
- Meet with City staff as needed.

Proposals are due June 10, 2022- 11:59pm to
housingprograms@como.gov

Presentation to Commission

- June 22 & 29, 2022 Proposal Presentations
- July 20, 2022, HCDC funding recommendations
- City Council will have their FY 2023 Annual Budget Hearing on August 15, 2022

****This is a competitive process.**

Some applications will not be funded.

Many applications will not be fully funded.**